

Impact of Recycling: What the New Numbers Mean

By John Frederick, Outgoing PROP Executive Director

The economic benefits of recycling, composting and reuse have been widely publicized in Pennsylvania over the last ten years since the Northeast Recycling Council (NERC) first completed its initial Recycling Economic Information (REI) Study.

Good News and Bad News

The magnitude of benefits in that first study were impressive and helped to build support for recycling, even among those who were not particularly motivated by its environmental benefits. But the report was based on data that was somewhat dated even in 2000. By 2008, the accuracy of the data became a concern.

At the urging of our Department of Environmental Protection (DEP), Pennsylvania helped support funding for an update of the REI. Beyond updating the information, the study partners also wanted to improve the methodology of the analysis, further enhancing the credibility of the report.

This turned out to be good news and bad news. Though employment did not seem to change significantly, changes in methodology gave the appearance that the industry lost 30,000 jobs in Pennsylvania. Analysts determined that a portion of the jobs in the first report should not have been fully credited to the recycling industry, particularly in the steel and plastic industries. It turned out that many older Pennsylvania steel mills and a number of plastic fabricators did not use recycled material exclusively.

Though the number of recycling jobs appears to have decreased, if those engaged fully (52,316) and partially (43,012) in recycling activities are combined, the total number (95,328) actually exceeds the 81,322 jobs often cited in the original study.

Pennsylvania recycling and reuse businesses grew from 3,247 to 3,803 establishments since the first study was completed. Even with the change in methodology, annual receipts for those companies that were involved solely in recycling grew to \$20.6 billion. Annual payroll was \$2.17 billion for those involved entirely in recycling and another \$2.21 billion for those who count recycling and reuse as a portion of their work.

The new analysis cautioned the establishment of definitive numbers to the business activities generated by related industries (equipment manufacturers, service providers and other similar businesses), but it is still insightful to look at some of the data. Gross receipts from that sector were just under \$6 billion.

It is similarly difficult to establish a firm number for tax revenue generated by the industry and the related businesses directly impacted by recycling activities. The tax dollars generated by these businesses are likely hundreds of millions of dollars annually. Tax income by itself makes Pennsylvania's investment in curbside recycling programs look like an incredibly wise investment. We would be well served to stress that to state legislators and local decision makers that may be wavering in their support for recycling and composting programs.

"The research clearly shows that the recycling and reuse industry plays an integral role in the region's economy. In addition to converting what would have been waste into raw materials for manufacturing, the businesses comprising the recycling and reuse sectors are important contributors to the region's tax base. They are manufacturers who employ skilled workers that earn competitive wages. Plus, these businesses go beyond typical economic returns and offer proven environmental benefits," said Brenda Grober, Economic Developer at Empire State Development in Albany, New York and a member of the NERC Board.

These trends are especially encouraging when one considers how many manufacturing jobs from other sectors of the American economy have moved overseas in the last ten years. The growth of Asian recycled commodity markets would seem to be cause for even more American job losses, yet Pennsylvania continues to see overall growth in this sector and related economic activities.

The Institute for Local Self Reliance (ILSR) has long been discussing the substantial economic upside to recycling when compared to disposal. ILSR President Neil Seldman is not surprised by the numbers and believes that continued growth will bring all sorts of benefits. "From energy savings, water

conservation, increased agricultural productivity and industrial efficiency, to an expanded local tax base through new jobs and small businesses, the use of secondary materials is fundamental for a sustainable economy." ♻

John Frederick is the outgoing executive director of the Professional Recyclers of Pennsylvania. He welcomes continued interaction with PROP members via e-mail at johnfrederick@atlanticbb.net.

Changes in Methodology

The Northeast Recycling Council's REI Project Team of DSM Environmental Services and subcontractor MSW Consultants went through a rigorous process to produce the most reliable analysis and assure the highest degree of credibility possible. Like the 2000 report, this one used data from the Economic Census data and attempted to follow methodology developed by NERC and the United States Environmental Protection Agency (EPA) to define direct economic impacts.

There were several significant changes to the methodology and some of the data categorization.

- This update divides the direct economic data into three categories based on the level of recycled commodity use. This allowed firms that used some, but not all, recycled material to be included but did not give an unrealistic picture that they relied entirely on recovered commodities.
- This study also reports on the indirect and induced economic impacts of the recycling industry on a sector-by-sector basis. Unlike the 2000 version, these were not added to the direct impacts to eliminate the double counting that is inevitable.
- The Census Bureau also changed industrial classifications in 1997, making it even more difficult to compare time series data.

The entire report, including a full explanation of the methodology, is available on both the NERC (www.nerc.org) and PROP (www.proprecycles.org) websites.